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BEFORE THE

SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35132

PENNSYLVANIA NORTHEAST REGIONAL RAILROAD AUTHORITY
--ACQUISITION EXEMPTION--
RAILROAD PROPERTIES OF NORFOLK SOUTHERN RAILWAY COMPANY



VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 U.S.C. 10902 AND 49 C.F.R. 1150.41

NOTICE OF ACQUISITION OF RAIL LINES
INFORMATION REQUIRED BY 49 C.F.R. 1150.43

Name and Address of Applicant

49 C.F.R. 1150.43(a)

Pennsylvania Northeast Regional Railroad Authority
280 Cliff Street
Scranton, PS 18503

ENTERED
Office of Proceedings

OCT - 3 2008

Part of
Public Record

Applicant's Representative

49 C.F.R. 1150.43(b)

Keith G. O'Brien
Baker & Miller PLLC
2401 Pennsylvania Ave., N.W., Ste. 300
Washington, DC 20037

FEE RECEIVED
OCT 03 2008
SURFACE
TRANSPORTATION BOARD

FILED
OCT 03 2008
SURFACE
TRANSPORTATION BOARD

Statement of Agreement

49 C.F.R. 1150.43(c)

Pennsylvania Northeast Regional Railroad Authority ("PNRRA") has entered into an agreement with Norfolk Southern Railway Company ("NSR")¹ pursuant to which PNRRA will acquire NSR's ownership interest in rail property it currently leases to PNRRA.² The agreement does not contain any provision that prohibits PNRRA or its designated operator from interchanging traffic with a third party. The parties intend to consummate the transaction by three incremental transfers of ownership after November 3, 2008.³ The transaction is subject to retention of overhead trackage rights by NSR.

Operator of the Property

49 C.F.R. 1150.43(d)

Delaware Lackawanna Railroad Co. ("D-L") will continue to serve as operator of the subject rail line

Brief Summary of the Transaction

49 C.F.R. 1150.43(e)

PNRRA is a political subdivision and non-operating class III rail common carrier established under Pennsylvania law. PNRRA owns approximately 82 miles of rail lines in Lackawanna, Monroe and Wayne Counties, PA, including the Carbondale Line from Fell Township to the Borough of Moosic M.P. 174.6 to M.P. 196.9; Vinc St. Branch in the City of Scranton M.P. 2.0 to M.P. 0.3; Strawberry Hill Running Track in the City of Scranton (approximately 2,000 ft); the Pocono Line from Scranton to Mt. Pocono M.P. 134 to M.P. 101; the Laurel Line and Brady Lead M.P. 0 to M.P. 4.81; the Diamond Branch of the former DL&W extending 0.85 miles from M.P. 144.75 to M.P. 145.6 in Scranton and the Minooka Industrial Track in the City of Scranton extending 2.1 miles from Little Virginia to end of track including all sidings and spurs, and a 17 mile line of railroad between Mt. Pocono, PA and Anomink, PA. PNRRA also leases approximately 10 miles of rail line consisting of that portion of the Stroudsburg Secondary Track extending between M.P. 2.0, approximately old M.P. 74 (Slate) and M.P. 12.2 approximately old M.P. 84.6 in Monroe and Northampton Counties, PA. All of these lines are operated by D-L pursuant to contract agreement with PNRRA.⁴

As a result of this transaction PNRRA will acquire NSR's ownership interest in the 10.6 mile segment of railroad extending between MP 2.0, approximately old milepost 74 (Slate) and MP 12.2 approximately old M.P. 84.6⁵ The total of the route miles to be acquired is 10.6 miles. The line is

¹ NSR's address is

Norfolk Southern Railway Company
Three Commercial Place
Norfolk, VA 23510

² See Monroe County Railroad Authority-Lease Exemption-Norfolk Southern Railway Company and Pennsylvania Lines LLC served September 28, 2001. Monroe County Railroad Authority changed its name to Pennsylvania Northeast Regional Railroad Authority on May 31, 2006 (see Exhibit A)

³ The Board has previously sanctioned similar transactions between two parties that were to be consummated in phases. See e.g. Pacific Harbor Line, Inc. -Operation Exemption- Port of Los Angeles Finance Docket No. 33911, served December 2, 1997

⁴ A map showing all of PNRRA's existing rail properties both owned and leased is attached as Exhibit B

⁵ Although the route miles to be acquired would appear to be 10.2 miles based on current mile posts applicant's investigation has confirmed that the actual mileage to be acquired is 10.6 miles as consistent with the old milepost designations

located in Monroe and Northampton Counties, PA. The parties intend to consummate the transaction by means of three incremental transfers of ownership interests comprised of the northernmost 2 miles of the line between M.P. DG 12.2 approximately old milepost 84.6 and DG 10.2 (first segment), the segment between M.P. DG 10.2 and M.P. DG 8.2 (second segment) and the segment between M.P. DG 8.2 and DG M.P. 2.0, approximately old milepost 74 (Slate) (the third segment). All of the involved segments will remain subject to the existing lease until transfer of ownership is accomplished and all of the involved segments will continue to be operated by D-L. Therefore, shippers will continue to benefit from established relationships with D-L and will stand to benefit from railroad projects that will be facilitated by the acquisition. The parties intend to consummate the transaction after November 3, 2008.

The transaction qualifies for a class action exemption under 49 CFR 1150.41 et. seq. because it involves the acquisition by a non-operating Class III rail carrier of rail property that will continue to be operated by a third party.

Map

49 C.F.R. 1150.43(f)

A map depicting the line to be acquired is attached as Exhibit B.

Certificate of Carrier Classification

49 C.F.R. 1150.43(g)

PNRRA hereby certifies that projected revenues as a result of the transaction will not result in the creation of a Class II or Class I rail carrier so as to require processing under Section 1150.46 and will not exceed \$5,000,000 annually. See Exhibit C.

Caption Summary

49 C.F.R. 1150.44

A caption summary in the prescribed form is attached as Exhibit D to this notice.

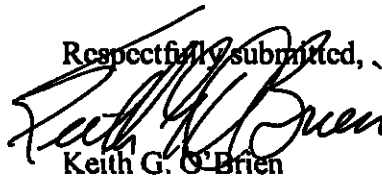
Environmental and Historic Preservation Data

49 C.F.R. 1105

Pursuant to 49 C.F.R. 1105.6(c)(2), the proposed transaction is exempt from environmental review under 49 C.F.R. 1105(c)(2)(i), because the action proposed herein will not cause any operating changes that exceed the thresholds established in 49 C.F.R. 1105.7(e)(4) or (5).

In addition, this transaction is exempt from historic review under 49 C.F.R. 1105.8(b)(1). Under this section, a sale, lease, or transfer of a rail line is exempt if rail operations will continue. Further Board approval is required for the parties to abandon service, and there are no plans to dispose of or alter the properties subject to Board Jurisdiction.

Respectfully submitted, ,



Keith G. O'Brien

Counsel for Pennsylvania Northeast
Regional Railroad Authority

LAW OFFICES
REA, CROSS & AUCHINCLOSS
SUITE 600

1050 SEVENTEENTH STREET, N W
WASHINGTON, D C 20036
(202) 785-3700
FACSIMILE (202) 466-3226

THOMAS M. AUCHINCLOSS, JR.
LEO C. FRANEY
KEITH G. O'BRIEN
BRIAN L. THOIANO

Exhibit A

DEYCE REA, JR. (1918-2006)
DONALD E. CROSS (1923-1986)

May 31, 2006



Mr. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423

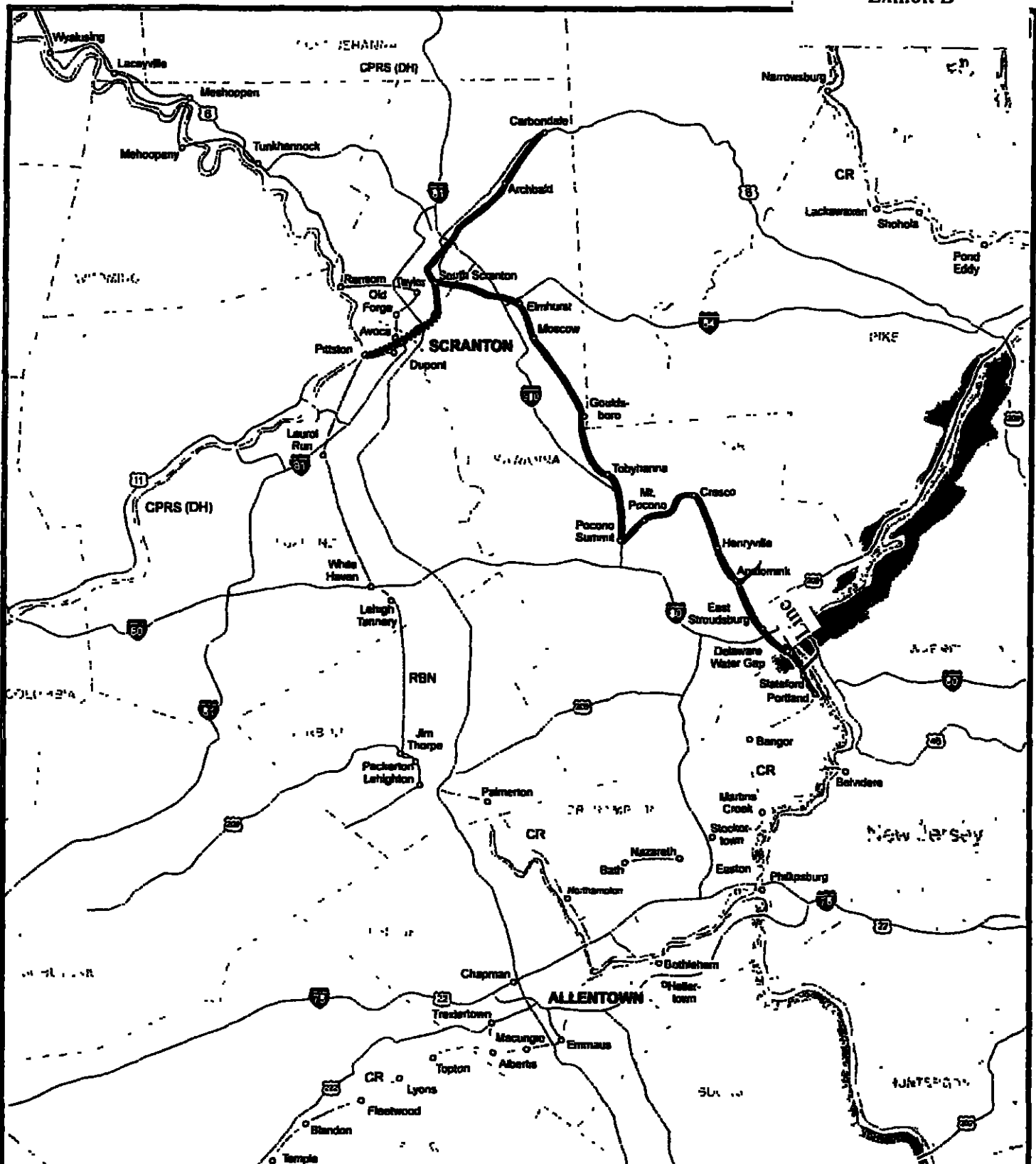
Re: Finance Docket No. 34846
Monroe County Railroad Authority
Acquisition Exemption Railroad Properties
Lackawanna County Railroad Authority

Dear Secretary Williams:

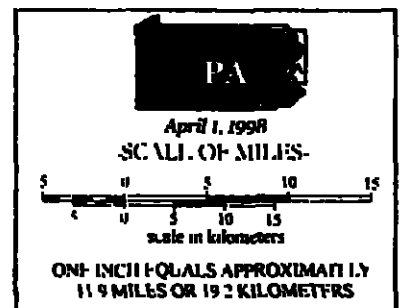
This is to confirm that on May 31, 2006, Monroe County Railroad Authority consummated acquisition of the railroad properties of Lackawanna and that MCRA has changed its name to Pennsylvania Northeast Regional Railroad Authority in accordance with the verified notice of exemption which was filed on May 12, 2006.

Sincerely,


Keith G. O'Brien



Delaware-Lackawanna Railroad Co., Inc.



Certification

State of Pennsylvania)
)
County of Lackawanna) §

I, Lawrence C. Malski, Chief Operating Officer of the Pennsylvania Northeast Regional Railroad Authority, hereby certifies under penalty of perjury that the projected annual revenues of Pennsylvania Northeast Regional Railroad Authority ("PNRRA") after the acquisition will not exceed \$5,000,000 and that The Delaware-Lackawanna Railroad Company, Inc. ("D-L") will continue to be a Class III rail carrier as set forth at 49 CFR 1201 (1-1)(2). Further I certify that I am qualified and authorized to make this certification on behalf of PNRRA.

Lawrence C. Malski

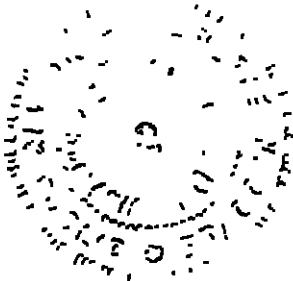
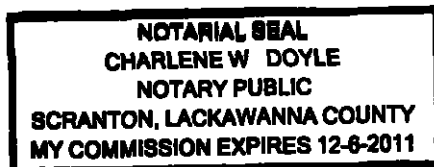
Signatory

Subscribed and sworn to before me, a Notary Public in and for the State of Pennsylvania this 2nd day of October 2008.

Charlene W. Doyle

Notary Public

My Commission Expires 12-6-2011



BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 35132

PENNSYLVANIA NORTHEAST REGIONAL RAILROAD AUTHORITY
--ACQUISITION EXEMPTION--
RAILROAD PROPERTIES OF NORFOLK SOUTHERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 U.S.C. 10902 AND 49 C.F.R. 1150.41

NOTICE OF ACQUISITION OF RAIL LINES
INFORMATION REQUIRED BY 49 C F R.1150 43

Pennsylvania Northeast Regional Railroad Authority ("PNRRA") a political subdivision and non-operating class III rail common carrier, has filed a Verified Notice of Exemption under 49 C.F.R. 1150 41 to purchase approximately 10.6 miles of rail line currently owned by Norfolk Southern Railway Company ("NSR"). The line extends between M.P. 2.0 approximately old M.P. 74 (Slate) and M.P. 12.2 approximately old M.P. 84.6 in Monroe and Northampton Counties, PA, and will continue to be operated by Delaware-Lackawanna Railroad Co., Inc., ("D-L"). Purchase of the line is subject to retention of overhead trackage rights by NSR.

The parties intend to consummate this transaction in three separate phases after November 3, 2008.

This notice is filed under 49 C.F.R. 1150.41. If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502 (d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35132 must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Branch, 395 E Street, SW, Washington, DC, 20024. In addition, a copy of each pleading must be served on:

Keith G. O'Brien
Baker & Miller PLLC
2401 Pennsylvania Ave., N.W., Ste. 300
Washington, DC 20037

(scal)

Anne K. Quinlan
Acting Secretary

Verification

State of Pennsylvania)
)
County of Lackawanna) §

Lawrence C. Malski, Chief Operating Officer of the Pennsylvania Northeast Regional Railroad Authority, being duly sworn deposes and says that he has read the foregoing statement, knows the facts asserted therein are true and that the same are true as stated.

Lawrence C. Malski
Signatory

Subscribed and sworn before me, a Notary Public in and for the State of Pennsylvania this 2nd day of October 2008.

Charlene W. Doyle
Notary Public

My Commission Expires 12-6-2011

